

1 AN ACT concerning insurance producers.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Insurance Code is amended by
5 adding Sections 500-5, 500-10, 500-15, 500-20, 500-25,
6 500-30, 500-35, 500-40, 500-45, 500-50, 500-55, 500-60,
7 500-65, 500-70, 500-75, 500-80, 500-85, 500-90, 500-95,
8 500-100, 500-105, 500-110, 500-115, 500-120, 500-125,
9 500-130, 500-135, 500-140, 500-145, and 500-150 as follows:

10 (215 ILCS 5/500-5 new)

11 Sec. 500-5. Scope of Article. This Article applies to
12 all persons and insurance companies as defined in this Code.
13 This Article does not apply to surplus lines producers
14 licensed pursuant to Section 445 except as provided in
15 Section 500-40 and subsection (b) of Section 500-90 of this
16 Article.

17 (215 ILCS 5/500-10 new)

18 Sec. 500-10. Definitions. In addition to the
19 definitions in Section 2 of the Code, the following
20 definitions apply to this Article:

21 "Business entity" means a corporation, association,
22 partnership, limited liability company, limited liability
23 partnership, or other legal entity.

24 "Car rental limited line licensee" means a person
25 authorized under the provisions of Section 500-105 to sell
26 certain coverages relating to the rental of vehicles.

27 "Home state" means the District of Columbia and any state
28 or territory of the United States in which an insurance
29 producer maintains his or her principal place of residence or
30 principal place of business and is licensed to act as an

1 insurance producer.

2 "Insurance" means any of the lines of authority in
3 Section 500-35, any health care plan under the Health
4 Maintenance Organization Act, or any limited health care plan
5 under the Limited Health Service Organization Act.

6 "Insurance producer" means a person required to be
7 licensed under the laws of this State to sell, solicit, or
8 negotiate insurance.

9 "Insurer" means a company as defined in subsection (e) of
10 Section 2 of this Code, a health maintenance organization as
11 defined in the Health Maintenance Organization Act, or a
12 limited health service organization as defined in the Limited
13 Health Service Organization Act.

14 "License" means a document issued by the Director
15 authorizing an individual to act as an insurance producer for
16 the lines of authority specified in the document or
17 authorizing a business entity to act as an insurance
18 producer. The license itself does not create any authority,
19 actual, apparent, or inherent, in the holder to represent or
20 commit an insurance carrier.

21 "Limited lines insurance" means those lines of insurance
22 defined in Section 500-100 or any other line of insurance
23 that the Director may deem it necessary to recognize for the
24 purposes of complying with subsection (e) of Section 500-40.

25 "Limited lines producer" means a person authorized by the
26 Director to sell, solicit, or negotiate limited lines
27 insurance.

28 "Negotiate" means the act of conferring directly with or
29 offering advice directly to a purchaser or prospective
30 purchaser of a particular contract of insurance concerning
31 any of the substantive benefits, terms, or conditions of the
32 contract, provided that the person engaged in that act either
33 sells insurance or obtains insurance from insurers for
34 purchasers.

1 "Person" means an individual or a business entity.

2 "Rental agreement" means a written agreement setting
3 forth the terms and conditions governing the use of a
4 vehicle provided by a rental company for rental or lease.

5 "Rental company" means a person, or a franchisee of the
6 person, in the business of providing primarily private
7 passenger vehicles to the public under a rental agreement for
8 a period not to exceed 30 days.

9 "Rental period" means the term of the rental agreement.

10 "Renter" means a person obtaining the use of a vehicle
11 from a rental company under the terms of a rental agreement
12 for a period not to exceed 30 days.

13 "Sell" means to exchange a contract of insurance by any
14 means, for money or its equivalent, on behalf of an insurance
15 company.

16 "Solicit" means attempting to sell insurance or asking or
17 urging a person to apply for a particular kind of insurance
18 from a particular company.

19 "Terminate" means the cancellation of the relationship
20 between an insurance producer and the insurer or the
21 termination of a producer's authority to transact insurance.

22 "Uniform Business Entity Application" means the current
23 version of the National Association of Insurance
24 Commissioners' Uniform Business Entity Application for
25 nonresident business entities.

26 "Uniform Application" means the current version of the
27 National Association of Insurance Commissioners' Uniform
28 Application for nonresident producer licensing.

29 "Vehicle" or "rental vehicle" means a motor vehicle
30 of (1) the private passenger type, including passenger
31 vans, mini vans, and sport utility vehicles or (2) the cargo
32 type, including cargo vans, pickup trucks, and trucks
33 with a gross vehicle weight of less than 26,000 pounds the
34 operation of which does not require the operator to possess a

1 commercial driver's license.

2 (215 ILCS 5/500-15 new)

3 Sec. 500-15. License required.

4 (a) A person may not sell, solicit, or negotiate
5 insurance in this State for any class or classes of insurance
6 unless the person is licensed for that line of authority in
7 accordance with this Article.

8 (b) A person may not, for a fee, engage in the business
9 of offering any advice, counsel, opinion, or service with
10 respect to the benefits, advantages, or disadvantages under
11 any policy of insurance that could be issued in Illinois,
12 unless that person is:

13 (1) engaged or employed as an attorney licensed to
14 practice law and performing duties incidental to that
15 position;

16 (2) a licensed insurance producer, limited
17 insurance representative, or temporary insurance producer
18 offering advice concerning a class of insurance as to
19 which he or she is licensed to transact business;

20 (3) a trust officer of a bank performing duties
21 incidental to his or her position;

22 (4) an actuary or a certified public accountant
23 engaged or employed in a consulting capacity, performing
24 duties incidental to that position; or

25 (5) a licensed public adjuster acting within the
26 scope of his or her license.

27 (c) In addition to any other penalty set forth in this
28 Article, an individual who knowingly violates subsection (a)
29 is guilty of a Class A misdemeanor.

30 (d) In addition to any other penalty set forth in this
31 Article, any individual violating subsection (a) or (b) and
32 misappropriating or converting any moneys collected in
33 conjunction with the violation is guilty of a Class 4 felony.

1 (215 ILCS 5/500-20 new)

2 Sec. 500-20. Exceptions to licensing.

3 (a) Nothing in this Article shall be construed to
4 require an insurer to obtain an insurance producer license.
5 In this Section, the term "insurer" does not include an
6 insurer's officers, directors, employees, subsidiaries, or
7 affiliates.

8 (b) A license as an insurance producer shall not be
9 required of the following:

10 (1) an officer, director, or employee of an insurer
11 or of an insurance producer, provided that the officer,
12 director, or employee does not receive any commission on
13 policies written or sold to insure risks residing,
14 located, or to be performed in this State and:

15 (A) the officer's, director's, or employee's
16 activities are executive, administrative,
17 managerial, clerical, or a combination of these, and
18 are only indirectly related to the sale,
19 solicitation, or negotiation of insurance;

20 (B) the officer's, director's, or employee's
21 function relates to underwriting, loss control,
22 inspection, or the processing, adjusting,
23 investigating, or settling of a claim on a contract
24 of insurance; or

25 (C) the officer, director, or employee is
26 acting in the capacity of a special agent or agency
27 supervisor assisting insurance producers if the
28 person's activities are limited to providing
29 technical advice and assistance to licensed
30 insurance producers and do not include the sale,
31 solicitation, or negotiation of insurance;

32 (2) a person who secures and furnishes information
33 for the purpose of group life insurance, group property
34 and casualty insurance, group annuities, or group or

1 blanket accident and health insurance or for the purpose
2 of enrolling individuals under plans, issuing
3 certificates under plans or otherwise assisting in
4 administering plans or who performs administrative
5 services related to mass marketed property and casualty
6 insurance, if no commission is paid to the person for the
7 service;

8 (3) an employer or association or its officers,
9 directors, employees, or the trustees of an employee
10 trust plan, to the extent that the employers, officers,
11 employees, directors, or trustees are engaged in the
12 administration or operation of a program of employee
13 benefits for the employer's or association's own
14 employees or the employees of its subsidiaries or
15 affiliates, which program involves the use of insurance
16 issued by an insurer, as long as the employers,
17 associations, officers, directors, employees, or trustees
18 are not in any manner compensated, directly or
19 indirectly, by the company issuing the contracts;

20 (4) employees of insurers or organizations employed
21 by insurers who are engaging in the inspection, rating,
22 or classification of risks or in the supervision of the
23 training of insurance producers and who are not
24 individually engaged in the sale, solicitation, or
25 negotiation of insurance;

26 (5) a person whose activities in this State are
27 limited to advertising without the intent to solicit
28 insurance in this State through communications in printed
29 publications or forms of electronic mass media whose
30 distribution is not limited to residents of this State,
31 provided that the person does not sell, solicit, or
32 negotiate insurance that would insure risks residing,
33 located, or to be performed in this State;

34 (6) a person who is not a resident of this State

1 who sells, solicits, or negotiates a contract of
2 insurance for commercial property and casualty risks to
3 an insured with risks located in more than one state
4 insured under that contract, provided that the person is
5 otherwise licensed as an insurance producer to sell,
6 solicit, or negotiate that insurance in the state where
7 the insured maintains its principal place of business and
8 the contract of insurance insures risks located in that
9 state; or

10 (7) a salaried, full-time employee who counsels or
11 advises his or her employer relative to the insurance
12 interests of the employer or of the subsidiaries or
13 business affiliates of the employer provided that the
14 employee does not sell or solicit insurance or receive a
15 commission.

16 (215 ILCS 5/500-25 new)

17 Sec. 500-25. Application for examination.

18 (a) A resident individual applying for an insurance
19 producer license must pass a written examination unless
20 exempt pursuant to Section 500-45. Both part one and part 2
21 of the examination must be passed within 90 days of each
22 other. The examination shall test the knowledge of the
23 individual concerning the lines of authority for which
24 application is made, the duties and responsibilities of an
25 insurance producer, and the insurance laws and rules of this
26 State. Examinations required by this Section must be
27 developed and conducted under rules prescribed by the
28 Director.

29 (b) The Director may make arrangements, including
30 contracting with an outside testing service, for
31 administering examinations and collecting the nonrefundable
32 fee set forth in Section 500-135.

33 (c) An individual applying for an examination must remit

1 a nonrefundable fee as prescribed by the Director as set
2 forth in Section 500-135, plus a separate remittance payable
3 to the designated testing service for the total fees the
4 testing service charges for each of the various services
5 being requested by the applicant.

6 (d) An individual who fails to appear for the
7 examination as scheduled or fails to pass the examination,
8 must reapply for an examination and remit all required fees
9 and forms before being rescheduled for another examination.

10 (215 ILCS 5/500-30 new)

11 Sec. 500-30. Application for license.

12 (a) An individual applying for a resident insurance
13 producer license must make application on a form specified by
14 the Director and declare under penalty of refusal,
15 suspension, or revocation of the license that the statements
16 made in the application are true, correct, and complete to
17 the best of the individual's knowledge and belief. Before
18 approving the application, the Director must find that the
19 individual:

20 (1) is at least 18 years of age;

21 (2) has not committed any act that is a ground for
22 denial, suspension, or revocation set forth in Section
23 500-70;

24 (3) has completed, if required by the Director, a
25 pre-licensing course of study for the lines of authority
26 for which the individual has applied (an individual who
27 successfully completes the Fire and Casualty
28 pre-licensing courses also meets the requirements for
29 Personal Lines-Property and Casualty);

30 (4) has paid the fees set forth in Section 500-135;
31 and

32 (5) has successfully passed the examinations for
33 the lines of authority for which the person has applied.

1 (b) A pre-licensing course of study for each class of
 2 insurance for which an insurance producer license is
 3 requested must be established in accordance with rules
 4 prescribed by the Director and must consist of the following
 5 minimum hours:

<u>Class of Insurance</u>	<u>Number of</u>
	<u>Hours</u>
8 <u>Life (Class 1 (a))</u>	15.0
9 <u>Accident and Health (Class 1(b) or 2(a))</u>	15.0
10 <u>Fire (Class 3)</u>	15.0
11 <u>Casualty (Class 2)</u>	15.0
12 <u>Personal Lines-Property Casualty</u>	15.0
13 <u>Motor Vehicle (Class 2(b) or 3(e))</u>	7.5.

14 (c) A business entity acting as an insurance producer
 15 must obtain an insurance producer license. Application must
 16 be made using the Uniform Business Entity Application. Before
 17 approving the application, the Director must find that:

18 (1) the business entity has paid the fees set forth
 19 in Section 500-135; and

20 (2) the business entity has designated a licensed
 21 producer responsible for the business entity's compliance
 22 with the insurance laws and rules Of this State.

23 (d) The Director may require any documents reasonably
 24 necessary to verify the information contained in an
 25 application.

26 (215 ILCS 5/500-35 new)

27 Sec. 500-35. License.

28 (a) Unless denied a license pursuant to Section 500-70,
 29 persons who have met the requirements of Sections 500-25 and
 30 500-30 shall be issued a 2-year insurance producer license.
 31 An insurance producer may receive qualification for a license
 32 in one or more of the following lines of authority:

33 (1) Life: insurance coverage on human lives

1 including benefits of endowment and annuities, and may
2 include benefits in the event of death or dismemberment
3 by accident and benefits for disability income.

4 (2) Variable life and variable annuity products:
5 insurance coverage provided under variable life insurance
6 contracts and variable annuities.

7 (3) Accident and health or sickness: insurance
8 coverage for sickness, bodily injury, or accidental death
9 and may include benefits for disability income.

10 (4) Property: insurance coverage for the direct or
11 consequential loss or damage to property of every kind.

12 (5) Casualty: insurance coverage against legal
13 liability, including that for death, injury, or
14 disability or damage to real or personal property.

15 (6) Personal lines: property and casualty insurance
16 coverage sold to individuals and families for primarily
17 noncommercial purposes.

18 (7) Any other line of insurance permitted under
19 State laws or rules.

20 (b) An insurance producer license shall remain in effect
21 unless revoked or suspended as long as the fee set forth in
22 Section 500-135 is paid and education requirements for
23 resident individual producers are met by the due date.

24 (1) Before each license renewal, an insurance
25 producer must satisfactorily complete at least 30 hours
26 of course study in accordance with rules prescribed by
27 the Director. The Director may not approve a course of
28 study unless the course provides for classroom, seminar,
29 or self-study instruction methods. A course given in a
30 combination instruction method of classroom or seminar
31 and self-study shall be deemed to be a self-study course
32 unless the classroom or seminar certified hours meets or
33 exceeds two-thirds of total hours certified for the
34 course. The self-study material used in the combination

1 course must be directly related to and complement the
2 classroom portion of the course in order to be considered
3 for credit. An instruction method other than classroom
4 or seminar shall be considered as self-study
5 methodology. Self-study credit hours require the
6 successful completion of an examination covering the
7 self-study material. The examination may not be
8 self-evaluated. However, if the self-study material is
9 completed through the use of an approved computerized
10 interactive format whereby the computer validates the
11 successful completion of the self-study material, no
12 additional examination is required. The self-study
13 credit hours contained in a certified course shall be
14 considered classroom hours when at least two-thirds of
15 the hours are given as classroom or seminar instruction.

16 (2) An insurance producer license automatically
17 terminates when an insurance producer fails to
18 successfully meet the requirements of item (1) of
19 subsection (b) of this Section. The producer must
20 complete the course in advance of the renewal date to
21 allow the education provider time to report the credit to
22 the Department.

23 (c) A provider of a pre-licensing or continuing
24 education course required by Section 500-30 and this Section
25 must pay a registration fee and a course certification fee
26 for each course being certified as provided by Section
27 500-135.

28 (d) An individual insurance producer who allows his or
29 her license to lapse may, within 12 months after the due date
30 of the renewal fee, be issued a license without the necessity
31 of passing a written examination. However, a penalty in the
32 amount of double the unpaid renewal fee shall be required
33 after the due date.

34 (e) A licensed insurance producer who is unable to

1 comply with license renewal procedures due to military
2 service may request a waiver of those procedures.

3 (f) The license must contain the licensee's name,
4 address, and personal identification number, the date of
5 issuance, the lines of authority, the expiration date, and
6 any other information the Director deems necessary.

7 (g) Licensees must inform the Director by any means
8 acceptable to the Director of a change of address within 30
9 days after the change.

10 (h) In order to assist in the performance of the
11 Director's duties, the Director may contract with a
12 non-governmental entity including the National Association of
13 Insurance Commissioners (NAIC), or any affiliates or
14 subsidiaries that the NAIC oversees, to perform any
15 ministerial functions, including collection of fees, related
16 to producer licensing that the Director and the
17 non-governmental entity may deem appropriate.

18 (215 ILCS 5/500-40 new)

19 Sec. 500-40. Nonresident licensing.

20 (a) Unless denied a license pursuant to Section 500-70,
21 a nonresident person shall receive a nonresident producer
22 license if:

23 (1) the person is currently licensed as a resident
24 and in good standing in his or her home state;

25 (2) the person has submitted the proper request for
26 a license and has paid the fees required by Section
27 500-135;

28 (3) the person has submitted or transmitted to the
29 Director the application for a license that the person
30 submitted to his or her home state or, instead of that
31 application, a completed Uniform Application; and

32 (4) the person's home state awards nonresident
33 producer licenses to residents of this State on the same

1 basis.

2 (b) The Director may verify the producer's licensing
3 status through the Producer Database maintained by the
4 National Association of Insurance Commissioners or its
5 affiliates or subsidiaries or by obtaining certification from
6 the public official having supervision of insurance in the
7 applicant's state of residence that the applicant has passed
8 the written examination for the class of insurance applied
9 for.

10 (c) A nonresident producer who moves from one state to
11 another state or a resident producer who moves from this
12 State to another state must file a change of address and
13 provide certification from the new resident state within 30
14 days after the change of legal residence. No fee or license
15 application is required.

16 (d) Notwithstanding any other provision of this Article,
17 a person licensed as a surplus lines producer in his or her
18 home state shall receive a nonresident surplus lines producer
19 license pursuant to subsection (a) of this Section. Except
20 as provided in subsection (a), nothing in this Section
21 supersedes any provision of Section 445 of this Code.

22 (e) Notwithstanding any other provision of this Article,
23 a person licensed as a limited lines producer in his or her
24 home state shall receive a nonresident limited lines producer
25 license, pursuant to subsection (a) of this Section, granting
26 the same scope of authority as granted under the license
27 issued by the producer's home state. For the purposes of
28 this subsection, limited line insurance is any authority
29 granted by the home state that restricts the authority of the
30 license to less than the total authority prescribed in the
31 associated major lines pursuant to items (1) through (5) of
32 subsection (a) of Section 500-35.

1 Sec. 500-45. Exemption from examination.

2 (a) An individual who applies for an insurance producer
3 license in this State who was previously licensed for the
4 same lines of authority in another state shall not be
5 required to complete any pre-licensing education or
6 examination. This exemption is only available if the person
7 is currently licensed in that state or if the application is
8 received within 90 days after the cancellation of the
9 applicant's previous license and if the prior state issues a
10 certification that, at the time of cancellation, the
11 applicant was in good standing in that state or the state's
12 Producer Database records, maintained by the National
13 Association of Insurance Commissioners, its affiliates, or
14 subsidiaries indicate that the producer is or was licensed in
15 good standing for the line of authority requested.

16 (b) A person licensed as an insurance producer in
17 another state who moves to this State must make application
18 within 90 days after establishing legal residence to become a
19 resident licensee pursuant to Section 500-30. A pre-licensing
20 education or examination is not required of that person to
21 obtain any line of authority previously held in the prior
22 state except when the Director determines otherwise by rule.

23 (215 ILCS 5/500-50 new)

24 Sec. 500-50. Insurance producers; examination
25 statistics.

26 (a) The use of examinations for the purpose of
27 determining qualifications of persons to be licensed as
28 insurance producers has a direct and far-reaching effect on
29 persons seeking those licenses, on insurance companies, and
30 on the public. It is in the public interest and it will
31 further the public welfare to insure that examinations for
32 licensing do not have the effect of unlawfully discriminating
33 against applicants for licensing as insurance producers on

1 the basis of race, color, national origin, or sex.

2 (b) As used in this Section, the following words have
3 the meanings given in this subsection.

4 Examination. "Examination" means the examination in each
5 line of insurance administered pursuant to Section 500-30.

6 Examinee. "Examinee" means a person who takes an
7 examination.

8 Part. "Part" means a portion of an examination for which
9 a score is calculated.

10 Operational item. "Operational item" means a test
11 question considered in determining an examinee's score.

12 Test form. "Test form" means the test booklet or
13 instrument used for a part of an examination.

14 Pretest item. "Pretest item" means a prospective test
15 question that is included in a test form in order to assess
16 its performance, but is not considered in determining an
17 examinee's score.

18 Minority group or examinees. "Minority group" or
19 "minority examinees" means African American, American Indian,
20 Asian, and Hispanic examinees.

21 Correct-answer rate. "Correct-answer rate" for an item
22 means the number of examinees who provided the correct answer
23 on an item divided by the number of examinees who answered
24 the item.

25 Correlation. "Correlation" means a statistical measure of
26 the relationship between performance on an item and
27 performance on a part of the examination.

28 (c) The Director shall ask each examinee to self-report
29 on a voluntary basis on the answer sheet, application form,
30 or by other appropriate means, the following information:

31 (1) race or ethnicity (African American; white;
32 American Indian; Asian; Hispanic; or other);

33 (2) education (8th grade or less; less than 12th
34 grade; high school diploma or G.E.D.; some college, but

1 no 4-year degree; or 4-year degree or more); and

2 (3) gender (male or female).

3 The Director must advise all examinees that they are not
4 required to provide this information, that they will not be
5 penalized for not doing so, and that the Director will use
6 the information provided exclusively for research and
7 statistical purposes and to improve the quality and fairness
8 of the examinations.

9 (d) No later than May 1 of each year, the Director must
10 prepare, publicly announce, and publish an Examination Report
11 of summary statistical information relating to each
12 examination administered during the preceding calendar year.
13 Each Examination Report shall show with respect to each
14 examination:

15 (1) For all examinees combined and separately by
16 race or ethnicity, by educational level, by gender, by
17 educational level within race or ethnicity, by education
18 level within gender, and by race or ethnicity within
19 gender:

20 (A) number of examinees;

21 (B) percentage and number of examinees who
22 passed each part;

23 (C) percentage and number of examinees who
24 passed all parts;

25 (D) mean scaled scores on each part; and

26 (E) standard deviation of scaled scores on
27 each part.

28 (2) For male examinees, female examinees, African
29 American examinees, white examinees, American Indian
30 examinees, Asian examinees, and Hispanic examinees,
31 respectively, with a high school diploma or G.E.D., the
32 distribution of scaled scores on each part.

33 No later than May 1 of each year, the Director must
34 prepare and make available on request an Item Report of

1 summary statistical information relating to each operational
2 item on each test form administered during the preceding
3 calendar year. The Item Report shall show, for each
4 operational item, for all examinees combined and separately
5 for African American examinees, white examinees, American
6 Indian examinees, Asian examinees, Hispanic examinees, and
7 other examinees, the correct-answer rates and correlations.

8 The Director is not required to report separate
9 statistical information for any group or subgroup comprising
10 fewer than 50 examinees.

11 (e) The Director must obtain a regular analysis of the
12 data collected under this Section, and any other relevant
13 information, for purposes of the development of new test
14 forms. The analysis shall continue the implementation of the
15 item selection methodology as recommended in the Final Report
16 of the Illinois Insurance Producer's Licensing Examination
17 Advisory Committee dated November 19, 1991, and filed with
18 the Department unless some other methodology is determined by
19 the Director to be as effective in minimizing differences
20 between white and minority examinee pass-fail rates.

21 (f) The Director has the discretion to set cutoff scores
22 for the examinations, provided that scaled scores on test
23 forms administered after July 1, 1993, shall be made
24 comparable to scaled scores on test forms administered in
25 1991 by use of professionally acceptable methods so as to
26 minimize changes in passing rates related to the presence or
27 absence of or changes in equating or scaling equations or
28 methods or content outlines. Each calendar year, the scaled
29 cutoff score for each part of each examination shall
30 fluctuate by no more than the standard error of measurement
31 from the scaled cutoff score employed during the preceding
32 year.

33 (g) No later than May 1, 2003 and no later than May 1 of
34 every fourth year thereafter, the Director must release to

1 the public and make generally available one representative
2 test form and set of answer keys for each part of each
3 examination.

4 (h) The Director must maintain, for a period of 3 years
5 after they are prepared or used, all registration forms, test
6 forms, answer sheets, operational items and pretest items,
7 item analyses, and other statistical analyses relating to the
8 examinations. All personal identifying information regarding
9 examinees and the content of test items must be maintained
10 confidentially as necessary for purposes of protecting the
11 personal privacy of examinees and the maintenance of test
12 security.

13 (i) In administering the examinations, the Director must
14 make such accommodations for disabled examinees as are
15 reasonably warranted by the particular disability involved,
16 including the provision of additional time if necessary to
17 complete an examination or special assistance in taking an
18 examination.

19 (215 ILCS 5/500-55 new)

20 Sec. 500-55. Assumed names. An insurance producer doing
21 business under any name other than the producer's legal name
22 must notify the Director before using the assumed name.

23 (215 ILCS 5/500-60 new)

24 Sec. 500-60. Temporary licensing.

25 (a) The Director may issue a temporary insurance
26 producer license for a period not to exceed 180 days and, at
27 the discretion of the Director, may renew the temporary
28 producer license for an additional 180 days without requiring
29 an examination if the Director deems that the temporary
30 license is necessary for the servicing of an insurance
31 business in the following cases:

32 (1) to the surviving spouse or court-appointed

1 personal representative of a licensed insurance producer
2 who dies or becomes mentally or physically disabled to
3 allow adequate time for the sale of the insurance
4 business owned by the producer or for the recovery or
5 return of the producer to the business or to provide for
6 the training and licensing of new personnel to operate
7 the producer's business;

8 (2) to a member or employee of a business entity
9 licensed as an insurance producer, upon the death or
10 disability of an individual designated in the business
11 entity application or the license; or

12 (3) to the designee of a licensed insurance
13 producer entering active service in the armed forces of
14 the United States of America.

15 (b) The Director may by order limit the authority of any
16 temporary licensee in any way deemed necessary to protect
17 insureds and the public. The Director may require the
18 temporary licensee to have a suitable sponsor who is a
19 licensed producer or insurer and who assumes responsibility
20 for all acts of the temporary licensee and may impose other
21 similar requirements designed to protect insureds and the
22 public. The Director may by order revoke a temporary license
23 if the interest of insureds or the public are endangered. A
24 temporary license may not continue after the owner or the
25 personal representative disposes of the business.

26 (c) Before any temporary insurance producer license is
27 issued, there must be filed with the Director a written
28 application by the person desiring the license in the form,
29 with the supplements, and containing the information that
30 the Director requires. License fees, as provided for in
31 Section 500-135, must be paid upon the issuance of the
32 original temporary insurance producer license, but not for
33 any renewal thereof.

1 (215 ILCS 5/500-65 new)

2 Sec. 500-65. Temporary insurance producer license for an
3 applicant.

4 (a) The Director may grant a temporary insurance
5 producer license to an applicant for an insurance producer
6 license, without requiring an examination, for a period of 90
7 days, when the applicant otherwise meets the requirements of
8 this Article. During that 90-day period, the applicant must
9 be enrolled in a training course or training program
10 conducted by or on behalf of the appointing insurance company
11 and be in the process of fulfilling the pre-licensing
12 requirements of Sections 500-25 and 500-30.

13 (b) An individual applicant may not hold more than one
14 temporary insurance producer license during his or her
15 lifetime.

16 (c) The Director may refuse to grant temporary insurance
17 producer licenses to applicants from an insurance company
18 when during a 6-month period more than 50% of that company's
19 temporary insurance producer license holders have failed to
20 obtain insurance producer licenses prior to the expiration of
21 their temporary insurance producer licenses.

22 (d) Before the Director approves any temporary insurance
23 producer license, the insurance company requesting the
24 license must file with the Director an application and the
25 fee required by Section 500-135. The application must be made
26 on the form and in the manner the Director requires.

27 (215 ILCS 5/500-70 new)

28 Sec. 500-70. License denial, nonrenewal, or revocation.

29 (a) The Director may place on probation, suspend,
30 revoke, or refuse to issue or renew an insurance producer's
31 license or may levy a civil penalty in accordance with this
32 Section or take any combination of actions, for any one or
33 more of the following causes:

1 (1) providing incorrect, misleading, incomplete, or
2 materially untrue information in the license application;

3 (2) violating any insurance laws, or violating any
4 rule, subpoena, or order of the Director or of another
5 state's insurance commissioner;

6 (3) obtaining or attempting to obtain a license
7 through misrepresentation or fraud;

8 (4) improperly withholding, misappropriating or
9 converting any moneys or properties received in the
10 course of doing insurance business;

11 (5) intentionally misrepresenting the terms of an
12 actual or proposed insurance contract or application for
13 insurance;

14 (6) having been convicted of a felony;

15 (7) having admitted or been found to have committed
16 any insurance unfair trade practice or fraud;

17 (8) using fraudulent, coercive, or dishonest
18 practices, or demonstrating incompetence,
19 untrustworthiness or financial irresponsibility in the
20 conduct of business in this State or elsewhere;

21 (9) having an insurance producer license, or its
22 equivalent, denied, suspended, or revoked in any other
23 state, province, district or territory;

24 (10) forging a name to an application for insurance
25 or to a document related to an insurance transaction;

26 (11) improperly using notes or any other reference
27 material to complete an examination for an insurance
28 license;

29 (12) knowingly accepting insurance business from an
30 individual who is not licensed;

31 (13) failing to comply with an administrative or
32 court order imposing a child support obligation;

33 (14) failing to pay state income tax or penalty or
34 interest or comply with any administrative or court order

1 directing payment of state income tax or failed to file a
2 return or to pay any final assessment of any tax due to
3 the Department of Revenue; or

4 (15) failing to make satisfactory repayment to the
5 Illinois Student Assistance Commission for a delinquent
6 or defaulted student loan.

7 (b) If the action by the Director is to nonrenew,
8 suspend, or revoke a license or to deny an application for a
9 license, the Director shall notify the applicant or licensee
10 and advise, in writing, the applicant or licensee of the
11 reason for the suspension, revocation, denial or nonrenewal
12 of the applicant's or licensee's license. The applicant or
13 licensee may make written demand upon the Director within 30
14 days after the date of mailing for a hearing before the
15 Director to determine the reasonableness of the Director's
16 action. The hearing must be held within not fewer than 20
17 days nor more than 30 days after the mailing of the notice of
18 hearing and shall be held pursuant to 50 Ill. Adm. Code 2402.

19 (c) The license of a business entity may be suspended,
20 revoked, or refused if the Director finds, after hearing,
21 that an individual licensee's violation was known or should
22 have been known by one or more of the partners, officers, or
23 managers acting on behalf of the partnership, corporation,
24 limited liability company, or limited liability partnership
25 and the violation was neither reported to the Director nor
26 corrective action taken.

27 (d) In addition to or instead of any applicable denial,
28 suspension, or revocation of a license, a person may, after
29 hearing, be subject to a civil penalty of up to \$5,000 for
30 each cause for denial, suspension, or revocation, however,
31 the civil penalty may total no more than \$20,000.

32 (e) The Director has the authority to enforce the
33 provisions of and impose any penalty or remedy authorized by
34 this Article against any person who is under investigation

1 for or charged with a violation of this Code or rules even if
2 the person's license or registration has been surrendered or
3 has lapsed by operation of law.

4 (f) Upon the suspension, denial, or revocation of a
5 license, the licensee or other person having possession or
6 custody of the license shall promptly deliver it to the
7 Director in person or by mail. The Director shall publish
8 all suspensions, denials, or revocations after the
9 suspensions, denials, or revocations become final in a
10 manner designed to notify interested insurance companies and
11 other persons.

12 (g) A person whose license is revoked or whose
13 application is denied pursuant to this Section is ineligible
14 to apply for any license for 3 years after the revocation or
15 denial. A person whose license as an insurance producer has
16 been revoked, suspended, or denied may not be employed,
17 contracted, or engaged in any insurance related capacity
18 during the time the revocation, suspension, or denial is in
19 effect.

20 (215 ILCS 5/500-75 new)

21 Sec. 500-75. Disclosure. A policy the solicitation of
22 which involves an insurance producer, limited insurance
23 representative, or temporary insurance producer must identify
24 the name of the producer, representative, or firm. An
25 individual life or accident and health application and a
26 master policy application for life or accident and health
27 group coverages must bear the name and signature of the
28 licensee who solicited and wrote the application.

29 (215 ILCS 5/500-80 new)

30 Sec. 500-80. Commissions.

31 (a) An insurer or insurance producer may not pay a
32 commission, service fee, brokerage, or other valuable

1 consideration to a person for selling, soliciting, or
2 negotiating insurance in this State if that person is
3 required to be licensed under this Article and is not so
4 licensed at the time of selling, soliciting, or negotiating
5 the insurance.

6 (b) A person may not accept a commission, service fee,
7 brokerage, or other valuable consideration for selling,
8 soliciting, or negotiating insurance in this State if that
9 person is required to be licensed under this Article and is
10 not so licensed.

11 (c) Renewal or other deferred commissions may be paid to
12 a person for selling, soliciting, or negotiating insurance in
13 this State if the person was required to be licensed under
14 this Article at the time of the sale, solicitation, or
15 negotiation and was so licensed at that time.

16 (d) An insurer or insurance producer may pay or assign
17 commissions, service fees, brokerages, or other valuable
18 consideration to an insurance agency or to persons who do not
19 sell, solicit, or negotiate insurance in this State, unless
20 the payment would violate Section 151 of this Code.

21 (e) Except as to commissions deductible from premiums on
22 insurance policies or contracts for insurance, an insurance
23 producer or business entity does not have any right to
24 compensation from an insured or prospective insured for or on
25 account of the transaction of insurance business unless the
26 right to compensation is stated on a separate written
27 memorandum that is signed by the applicant or insured, that
28 clearly specifies the amount or extent of the service fee,
29 and that is provided to the applicant or insured before the
30 performance of the service or the issuance of the policy,
31 whichever is first. A copy of the signed memorandum must be
32 maintained by any producer who collects or receives the
33 service fee or any portion of the service fee.

1 (215 ILCS 5/500-85 new)

2 Sec. 500-85. Notification of termination; immunity;
3 confidentiality.

4 (a) An insurer or authorized representative of an
5 insurer that terminates the appointment, employment,
6 contract, or other insurance business relationship with a
7 producer must notify the Director within 30 days following
8 the effective date of the termination, using a format
9 prescribed by the Director, if the reason for termination is
10 one of the reasons set forth in Section 500-70 or the insurer
11 has knowledge the producer was found by a court, government
12 body, or self-regulatory organization authorized by law to
13 have engaged in any of the activities in Section 500-70. Upon
14 written request by the Director, the insurer must provide
15 additional information, documents, records, or other data
16 pertaining to the termination or activity of the producer.

17 (b) The insurer or the authorized representative of the
18 insurer must promptly notify the Director in a format
19 acceptable to the Director if, upon further review or
20 investigation, the insurer discovers additional information
21 that would have been reportable to the Director in accordance
22 with subsection (a) had the insurer then known of its
23 existence.

24 (c) Within 15 days after making the notification
25 required by subsections (a) and (b), the insurer must mail a
26 copy of the notification to the producer at his or her last
27 known address. If the producer is terminated for cause for
28 any of the reasons listed in Section 500-70, the insurer must
29 provide a copy of the notification to the producer at his or
30 her last known address by certified mail, return receipt
31 requested, postage prepaid or by overnight delivery using a
32 nationally recognized carrier.

33 Within 30 days after the producer has received the
34 original or additional notification, the producer may file

1 written comments concerning the substance of the notification
2 with the Director. The producer must, by the same means,
3 simultaneously send a copy of the comments to the reporting
4 insurer, and the comments shall become a part of the
5 Director's file and accompany every copy of a report
6 distributed or disclosed for any reason about the producer as
7 permitted under subsection (e).

8 (d) In the absence of actual malice, an insurer, the
9 authorized representative of the insurer, a producer, the
10 Director, or an organization of which the Director is a
11 member and that compiles the information and makes it
12 available to other insurance commissioners or regulatory or
13 law enforcement agencies shall not be subject to civil
14 liability, and a civil cause of action of any nature shall
15 not arise against these entities or their respective agents
16 or employees, as a result of any statement or information
17 required by or provided pursuant to this Section, any
18 information relating to any statement that may be requested
19 in writing by the Director from an insurer or producer, or a
20 statement by a terminating insurer or producer to an insurer
21 or producer limited solely and exclusively to whether a
22 termination for cause under subsection (a) was reported to
23 the Director, provided that the propriety of any termination
24 for cause under subsection (a) is certified in writing by an
25 officer or authorized representative of the insurer or
26 producer terminating the relationship.

27 In any action brought against a person that may have
28 immunity under this subsection for making a statement
29 required by this Section or providing any information
30 relating to any statement that may be requested by the
31 Director, the party bringing the action shall plead
32 specifically in any allegation that this subsection does not
33 apply because the person making the statement or providing
34 the information did so with actual malice.

1 This subsections does not abrogate or modify any existing
2 statutory or common law privileges or immunities.

3 (e) Any documents, materials, or other information in
4 the control or possession of the Department that is furnished
5 by an insurer, producer, or an employee or agent thereof
6 acting on behalf of the insurer or producer, or obtained by
7 the Director in an investigation under this Section is
8 confidential by law and privileged, is not subject to the
9 Freedom of Information Act, is not subject to subpoena, and
10 is not subject to discovery or admissible in evidence in any
11 private civil action. However, the Director is authorized to
12 use the documents, materials, or other information in the
13 furtherance of any regulatory or legal action brought as a
14 part of the Director's duties. Neither the Director nor any
15 person who received documents, materials, or other
16 information while acting under the authority of the Director
17 shall be permitted or required to testify in any private
18 civil action concerning any confidential documents,
19 materials, or information subject to this subsection.

20 In order to assist in the performance of the Director's
21 duties under this Article, the Director:

22 (1) may share documents, materials, or other
23 information, including the confidential and privileged
24 documents, materials, or information subject to
25 subsection (e), with other state, federal, and
26 international regulatory agencies, with the National
27 Association of Insurance Commissioners, its affiliates or
28 subsidiaries, and with state, federal, and international
29 law enforcement authorities, provided that the recipient
30 agrees to maintain the confidentiality and privileged
31 status of the document, material, or other information;
32 and

33 (2) may receive documents, materials, or
34 information, including otherwise confidential and

1 privileged documents, materials or information, from the
2 National Association of Insurance Commissioners, its
3 affiliates or subsidiaries, and from regulatory and law
4 enforcement officials of other foreign or domestic
5 jurisdictions and must maintain as confidential or
6 privileged any document, material, or information
7 received with notice or the understanding that it is
8 confidential or privileged under the laws of the
9 jurisdiction that is the source of the document,
10 material, or information.

11 No waiver of any applicable privilege or claim of
12 confidentiality in the documents, materials, or information
13 shall occur as a result of disclosure to the Director under
14 this Section or as a result of sharing as authorized in this
15 subsection.

16 Nothing in this Article prohibits the Director from
17 releasing final, adjudicated actions including for cause
18 terminations that are open to public inspection to a database
19 or other clearinghouse service maintained by the National
20 Association of Insurance Commissioners, its affiliates, or
21 subsidiaries.

22 (f) An insurer, the authorized representative of the
23 insurer, or producer that fails to report as required under
24 the provisions of this Section or that is found to have
25 reported with actual malice by a court of competent
26 jurisdiction may, after notice and hearing, have its license
27 or certificate of authority suspended or revoked and may be
28 subjected to a civil penalty.

29 (215 ILCS 5/500-90 new)

30 Sec. 500-90. Reciprocity.

31 (a) The Director shall waive any requirements for a
32 nonresident license applicant with a valid license from his
33 or her home state, except the requirements imposed by Section

1 500-40 of this Article, if the applicant's home state awards
2 nonresident licenses to residents of this State on the same
3 basis.

4 (b) A nonresident producer's satisfaction of his or her
5 home state's continuing education requirements for licensed
6 insurance producers shall constitute satisfaction of this
7 State's continuing education requirements if the non-resident
8 producer's home state recognizes the satisfaction of its
9 continuing education requirements imposed upon producers from
10 this State on the same basis.

11 (215 ILCS 5/500-95 new)

12 Sec. 500-95. Reporting of actions. An individual who,
13 while licensed as an insurance producer, is convicted of a
14 felony, must report the conviction to the Director within 30
15 days after the entry date of the judgment. Within that
16 30-day period, the individual must also provide the Director
17 with a copy of the judgment, the probation or commitment
18 order, and any other relevant documents.

19 (215 ILCS 5/500-100 new)

20 Sec. 500-100. Limited lines producer license.

21 (a) An individual who is at least 18 years of age and
22 whom the Director considers to be competent, trustworthy, and
23 of good business reputation may obtain a limited lines
24 producer license for one or more of the following classes:

25 (1) insurance on baggage or limited travel health,
26 accident, or trip cancellation insurance sold in
27 connection with transportation provided by a common
28 carrier;

29 (2) industrial life insurance, as defined in
30 Section 228 of this Code;

31 (3) industrial accident and health insurance, as
32 defined in Section 368 of this Code;

1 (4) insurance issued by a company organized under
2 the Farm Mutual Insurance Company Act of 1986;

3 (5) legal expense insurance;

4 (6) enrollment of recipients of public aid or
5 medicare in a health maintenance organization;

6 (7) a limited health care plan issued by an
7 organization having a certificate of authority under the
8 Limited Health Service Organization Act.

9 (b) The application for a limited lines producer license
10 must be submitted on a form prescribed by the Director by a
11 designee of the insurance company, health maintenance
12 organization, or limited health service organization
13 appointing the limited insurance representative. The
14 insurance company, health maintenance organization, or
15 limited health service organization must pay the fee required
16 by Section 500-135.

17 (c) A limited lines producer may represent more than one
18 insurance company, health maintenance organization, or
19 limited health service organization.

20 (d) An applicant who has met the requirements of this
21 Section shall be issued a perpetual limited lines producer
22 license.

23 (e) A limited lines producer license shall remain in
24 effect as long as the appointing insurance company pays the
25 respective fee required by Section 500-135 prior to January 1
26 of each year, unless the license is revoked or suspended
27 pursuant to Section 500-70. Failure of the insurance company
28 to pay the license fee or to submit the required documents
29 shall cause immediate termination of the limited line
30 insurance producer license with respect to which the failure
31 occurs.

32 (f) A limited lines producer license may be terminated
33 by the insurance company or the licensee.

34 (g) A person whom the Director considers to be

1 competent, trustworthy, and of good business reputation may
2 be issued a car rental limited line license. A car rental
3 limited line license for a rental company shall remain in
4 effect as long as the car rental limited line licensee pays
5 the respective fee required by Section 500-135 prior to the
6 next fee date unless the car rental license is revoked or
7 suspended pursuant to Section 500-70. Failure of the car
8 rental limited line licensee to pay the license fee or to
9 submit the required documents shall cause immediate
10 suspension of the car rental limited line license. A car
11 rental limited line license for rental companies may be
12 voluntarily terminated by the car rental limited line
13 licensee. The license fee shall not be refunded upon
14 termination of the car rental limited line license by the car
15 rental limited line licensee.

16 (h) A limited lines producer issued a license pursuant
17 to this Section is not subject to the requirements of Section
18 500-30.

19 (i) A limited lines producer license must contain the
20 name, address and personal identification number of the
21 licensee, the date the license was issued, general
22 conditions relative to the license's expiration or
23 termination, and any other information the Director considers
24 proper. A limited line producer license, if applicable, must
25 also contain the name and address of the appointing insurance
26 company.

27 (215 ILCS 5/500-105 new)

28 Sec. 500-105. Car rental limited line license for rental
29 companies.

30 (a) A rental company must obtain a producer license or
31 obtain a car rental limited line license before offering or
32 selling insurance in connection with and incidental to the
33 rental of vehicles. The sale of the insurance may occur at

1 the rental office or by preselection of coverage in a master,
2 corporate, group rental, or individual agreement. The
3 following general categories of coverage may be offered or
4 sold:

5 (1) personal accident insurance covering the risks
6 of travel including, but not limited to, accident and
7 health insurance that provides coverage, as applicable,
8 to renters and other rental vehicle occupants for
9 accidental death or dismemberment and reimbursement for
10 medical expenses resulting from an accident that occurs
11 during the rental period;

12 (2) liability insurance, including uninsured and
13 underinsured motorist coverage, that provides coverage,
14 as applicable, to renters and other authorized drivers
15 of rental vehicles for liability arising from the
16 operation of the rental vehicle;

17 (3) personal effects insurance that provides
18 coverage, as applicable, to renters and other vehicle
19 occupants for the loss of, or damage to, personal effects
20 that occurs during the rental period;

21 (4) roadside assistance and emergency sickness
22 protection programs; and

23 (5) any other travel or auto-related coverage that
24 a rental company offers in connection with and incidental
25 to the rental of vehicles.

26 (b) Insurance may not be offered by a car rental limited
27 line producer pursuant to this Section unless:

28 (1) the rental company has applied for and obtained
29 a car rental limited line license;

30 (2) the rental period of the rental agreement does
31 not exceed 30 consecutive days;

32 (3) at every rental location where rental
33 agreements are executed, brochures or other written
34 materials are readily available to the prospective renter

1 that:

2 (A) summarize clearly and correctly, the
3 material terms of coverage offered to renters,
4 including the identity of the insurer;

5 (B) disclose that the coverage offered by the
6 rental company may provide a duplication of coverage
7 already provided by a renter's personal automobile
8 insurance policy, homeowner's insurance policy,
9 personal liability insurance policy, or other source
10 of coverage;

11 (C) state that the purchase by the renter of
12 the kinds of coverage specified in this Section is
13 not required in order to rent a vehicle; and

14 (D) describe the process for filing a claim in
15 the event the renter elects to purchase coverage and
16 in the event of a claim; and

17 (4) evidence of coverage in the rental agreement is
18 disclosed to every renter who elects to purchase such
19 coverage.

20 (c) Car rental company franchisees must apply for a car
21 rental limited line license independent of the franchisor if
22 insurance provided pursuant to this Section is offered by the
23 franchisee.

24 (d) A car rental limited line license issued under this
25 Section shall also authorize any employee of the car rental
26 limited line licensee to act individually on behalf and under
27 the supervision of the car rental limited line licensee with
28 respect to the kinds of coverage specified in this Section.

29 (e) A rental company licensed pursuant to this Section
30 must conduct a training program in which employees being
31 trained shall receive basic instruction about the kinds of
32 coverage specified in this Section and offered for purchase
33 by prospective renters of rental vehicles.

34 (f) Notwithstanding any other provision of this Section

1 or any rule adopted by the Director, a car rental limited
2 line producer pursuant to this Section is not required to
3 treat moneys collected from renters purchasing insurance when
4 renting vehicles as funds received in a fiduciary capacity,
5 provided that the charges for coverage shall be itemized and
6 be ancillary to a rental transaction.

7 (g) The sale of insurance not in conjunction with a
8 rental transaction shall not be permitted.

9 (h) A car rental limited line producer under this
10 Section may not advertise, represent, or otherwise hold
11 itself or any of its employees out as licensed insurers,
12 insurance producers, insurance agents, or insurance brokers.

13 (i) Direct commissions may not be paid to rental car
14 company employees by the insurer or the customer purchasing
15 insurance products. The rental car company may include
16 insurance products in an overall employee performance
17 compensation incentive program.

18 (j) An application for a car rental limited line license
19 must be made on a form specified by the Director.

20 (215 ILCS 5/500-110 new)

21 Sec. 500-110. Regulatory examinations.

22 (a) The Director may examine any applicant for or holder
23 of an insurance producer license, limited line producer
24 license or temporary insurance producer license or any
25 business entity.

26 (b) All persons being examined, as well as their
27 officers, directors, insurance producers, limited lines
28 producers, and temporary insurance producers must provide to
29 the Director convenient and free access, at all reasonable
30 hours at their offices, to all books, records, documents, and
31 other papers relating to the persons' insurance business
32 affairs. The officers, directors, insurance producers,
33 limited lines producers, temporary insurance producers, and

1 employees must facilitate and aid the Director in the
2 examinations as much as it is in their power to do so.

3 (c) The Director may designate an examiner or examiners
4 to conduct any examination under this Section. The Director
5 or his or her designee may administer oaths and examine
6 under oath any individual relative to the business of the
7 person being examined.

8 (d) The examiners designated by the Director under this
9 Section may make reports to the Director. A report alleging
10 substantive violations of this Article or any rules
11 prescribed by the Director must be in writing and be based
12 upon facts ascertained from the books, records, documents,
13 papers, and other evidence obtained by the examiners or from
14 sworn or affirmed testimony of or written affidavits from
15 the person's officers, directors, insurance producers,
16 limited lines producer, temporary insurance producers, or
17 employees or other individuals, as given to the examiners.
18 The report of an examination must be verified by the
19 examiners.

20 (e) If a report is made, the Director must either
21 deliver a duplicate of the report to the person being
22 examined or send the duplicate by certified or registered
23 mail to the person's address of record. The Director shall
24 afford the person an opportunity to demand a hearing with
25 reference to the facts and other evidence contained in the
26 report. The person may request a hearing within 14 calendar
27 days after he or she receives the duplicate of the
28 examination report by giving the Director written notice of
29 that request, together with a written statement of the
30 person's objections to the report. The Director must, if
31 requested to do so, conduct a hearing in accordance with
32 Sections 402 and 403 of this Code. The Director must issue
33 a written order based upon the examination report and upon
34 the hearing, if a hearing is held, within 90 days after the

1 report is filed, or within 90 days after the hearing if a
2 hearing is held. If the report is refused or otherwise
3 undeliverable, or a hearing is not requested in a timely
4 fashion, the right to a hearing is waived. After the hearing
5 or the expiration of the time period in which a person may
6 request a hearing, if the examination reveals that the person
7 is operating in violation of any law, rule, or prior order,
8 the Director in the written order may require the person to
9 take any action the Director considers necessary or
10 appropriate in accordance with the report or examination
11 hearing. The order is subject to review under the
12 Administrative Review Law.

13 (f) The Director may adopt reasonable rules to further
14 the purposes of this Section.

15 (g) A person who violates or aids and abets any
16 violation of a written order issued under this Section shall
17 be guilty of a business offense and his or her license may be
18 revoked or suspended pursuant to Section 500-70 of this
19 Article and he or she may be subjected to a civil penalty of
20 not more than \$10,000.

21 (215 ILCS 5/500-115 new)

22 Sec. 500-115. Financial responsibilities.

23 (a) Any money that an insurance producer, limited line
24 producer, temporary insurance producer, business entity, or
25 surplus line producer receives for soliciting, negotiating,
26 effecting, procuring, renewing, continuing, or binding
27 policies of insurance shall be held in a fiduciary capacity
28 and shall not be misappropriated, converted, or improperly
29 withheld. An insurance company that delivers to any
30 insurance producer in this State a policy or contract for
31 insurance pursuant to the application or request of an
32 insurance producer, authorizes the producer to collect or
33 receive on its behalf payment of any premium that is due on

1 the policy or contract for insurance at the time of its
2 issuance or delivery and any premium that becomes due on the
3 policy or contract not more than 90 days thereafter.

4 (b) An insurer that issues a policy of insurance shall
5 be deemed to have received payment of the premium if the
6 insured paid any insurance producer requesting the coverage.
7 The insurer shall be responsible to the insured for any
8 return premium.

9 (c) In the case of open accounts receivable with the
10 balance payable to an insurance producer within a specified
11 period of 90 days or less, where the balance is not fully
12 paid within that period, a late charge not exceeding 1.5% per
13 month may be added by the insurance producer to the unpaid
14 balance to induce payment of the premium.

15 (d) If an insurance producer or surplus line producer
16 knowingly misappropriates or converts to his or her own use
17 or illegally withholds fiduciary moneys in the amount of \$150
18 or less, he or she is guilty of a Class A misdemeanor for a
19 first offense and a Class 4 felony for subsequent
20 conversions, misappropriations, and withholdings of that
21 nature. If an insurance producer or surplus line producer
22 knowingly misappropriates or converts to his or her own use
23 or illegally withholds premiums in excess of \$150, he or she
24 is guilty of a Class 3 felony.

25 (215 ILCS 5/500-120 new)

26 Sec. 500-120. Conflicts of interest; inactive status.

27 (a) A person, partnership, association, or corporation
28 licensed by the Department who, due to employment with any
29 unit of government that would cause a conflict of interest
30 with the holding of that license, notifies the Director in
31 writing on forms prescribed by the Department and, subject to
32 rules of the Department, makes payment of applicable
33 licensing renewal fees may elect to place the license on an

1 inactive status.

2 (b) A licensee whose license is on inactive status may
3 have the license restored by making application to the
4 Department on such form as may be prescribed by the
5 Department. The application must be accompanied with a fee of
6 \$50 plus the current applicable license fee.

7 (c) A license may be placed on inactive status for a
8 2-year period, and upon request, the inactive status may be
9 extended for a successive 2-year period not to exceed a
10 cumulative 4-year inactive period. After a license has been
11 on inactive status for 4 years or more, the licensee must
12 meet all of the standards required of a new applicant before
13 the license may be restored to active status.

14 (d) If requests for inactive status are not renewed as
15 set forth in subsection (c), the license will be taken off
16 the inactive status and the license will lapse immediately.

17 (215 ILCS 5/500-125 new)
18 Sec. 500-125. Controlled business.

19 (a) An insurance producer license may not be granted or
20 extended to any person if the Director has reasonable cause
21 to believe:

22 (1) that during either of the 2 calendar years
23 immediately preceding the extension date of the license
24 the aggregate amount of premiums on insurance represented
25 by controlled business exceeded the aggregate amount of
26 premiums on all other insurance business of the licensee;
27 or

28 (2) that during the 12-month period immediately
29 following the issuance or extension of the license, if so
30 issued or extended, the aggregate amount of premiums on
31 controlled business would exceed the aggregate amount of
32 premiums on all other insurance business of the applicant
33 or licensee.

1 (b) Controlled business means insurance procured or to
2 be procured by or through the person upon:

3 (1) his own life, person, property or risks, or
4 those of his spouse; or

5 (2) the life, person, property, or risks of his
6 employer or his own business.

7 (215 ILCS 5/500-130 new)

8 Sec. 500-130. Bond required of insurance producers.

9 (a) An insurance producer who places insurance either
10 directly or indirectly with an insurer with which the
11 insurance producer does not have an agent contact must
12 maintain in force while licensed a bond in favor of the
13 people of the State of Illinois executed by an authorized
14 surety company and payable to any party injured under the
15 terms of the bond. The bond shall be continuous in form and
16 in the amount of \$2,500 or 5% of the premiums brokered in the
17 previous calendar year, whichever is greater, but not to
18 exceed \$50,000 total aggregate liability. The bond shall be
19 conditioned upon full accounting and due payment to the
20 person or company entitled thereto, of funds coming into the
21 insurance producer's possession as an incident to insurance
22 transactions under the license or surplus line insurance
23 transactions under the license as a surplus line producer.

24 (b) Authorized insurance producers of a business entity
25 may meet the requirements of this Section with a bond in the
26 name of the business entity, continuous in form, and in the
27 amounts set forth in subsection (a) of this Section.
28 Insurance producers may meet the requirements of this Section
29 with a bond in the name of an association. An individual
30 producer remains responsible for assuring that a producer
31 bond is in effect and is for the correct amount. The
32 association must have been in existence for 5 years, have
33 common membership, and been formed for a purpose other than

1 obtaining a bond.

2 (c) The surety may cancel the bond and be released from
3 further liability thereunder upon 30 days' written notice in
4 advance to the principal. The cancellation does not affect
5 any liability incurred or accrued under the bond before the
6 termination of the 30-day period.

7 (d) The producer's license may be revoked if the
8 producer acts without a bond that is required under this
9 Section.

10 (e) If a party injured under the terms of the bond
11 requests the producer to provide the name of the surety and
12 the bond number, the producer must provide the information
13 within 3 working days after receiving the request.

14 (f) An association may meet the requirements of this
15 Section for all of its members with a bond in the name of the
16 association that is continuous in form and in the amounts set
17 forth in subsection (a) of this Section.

18 (215 ILCS 5/500-135 new)

19 Sec. 500-135. Fees.

20 (a) The fees required by this Article are as follows:

21 (1) a fee of \$150 payable once every 2 years for an
22 insurance producer license;

23 (2) a fee of \$25 for the issuance of a temporary
24 insurance producer license;

25 (3) a fee of \$50 payable once every 2 years for a
26 business entity;

27 (4) an annual \$25 fee for a limited line producer
28 license issued under items (1) through (7) of subsection
29 (a) of Section 500-100;

30 (5) a \$25 application fee for the processing of a
31 request to take the written examination for an insurance
32 producer license;

33 (6) an annual registration fee of \$500 for

1 registration of an education provider;

2 (7) a certification fee of \$25 for each certified
3 pre-licensing or continuing education course and an
4 annual fee of \$10 for renewing the certification of each
5 such course;

6 (8) a fee of \$50 payable once every 2 years for a
7 car rental limited line license;

8 (9) a fee of \$150 payable once every 2 years for a
9 limited lines license other than the licenses issued
10 under items (1) through (7) of subsection (a) of Section
11 500-100 or a car rental limited line license.

12 (b) Except as otherwise provided, all fees paid to and
13 collected by the Director under this Section shall be paid
14 promptly after receipt thereof, together with a detailed
15 statement of such fees, into a special fund in the State
16 Treasury to be known as the Insurance Producer Administration
17 Fund. The moneys deposited into the Insurance Producer
18 Administration Fund may be used only for payment of the
19 expenses of the Department in the execution, administration,
20 and enforcement of the insurance laws of this State, and
21 shall be appropriated as otherwise provided by law for the
22 payment of those expenses with first priority being any
23 expenses incident to or associated with the administration
24 and enforcement of this Article.

25 (215 ILCS 5/500-140 new)

26 Sec. 500-140. Injunctive relief. A person required to be
27 licensed under this Article but failing to obtain a valid and
28 current license under this Article constitutes a public
29 nuisance. The Director may report the failure to obtain a
30 license to the Attorney General, whose duty it is to apply
31 forthwith by complaint on relation of the Director in the
32 name of the people of the State of Illinois, for injunctive
33 relief in the circuit court of the county where the failure

1 to obtain a license occurred to enjoin that person from
2 failing to obtains a license. Upon the filing of a verified
3 petition in the court, the court, if satisfied by affidavit
4 or otherwise that the person is required to have a license
5 and does not have a valid and current license, may enter a
6 temporary restraining order without notice or bond, enjoining
7 the defendant from acting in any capacity that requires such
8 license. A copy of the verified complaint shall be served
9 upon the defendant, and the proceedings shall thereafter be
10 conducted as in other civil cases. If it is established that
11 the defendant has been, or is engaged in any unlawful
12 practice, the court may enter an order or judgment
13 perpetually enjoining the defendant from further engaging in
14 such practice. In all proceedings brought under this
15 Section, the court, in its discretion, may apportion the
16 costs among the parties, including the cost of filing the
17 complaint, service of process, witness fees and expenses,
18 court reporter charges, and reasonable attorney fees. In
19 case of the violation of any injunctive order entered under
20 the provisions of this Section, the court may summarily try
21 and punish the offender for contempt of court. The
22 injunctive relief available under this Section is in addition
23 to and not in lieu of all other penalties and remedies
24 provided in this Code.

25 (215 ILCS 5/500-145 new)

26 Sec. 500-145. Rules. The Director may, in accordance
27 with Section 401 of this Code, promulgate reasonable rules as
28 are necessary or proper to carry out the purposes of this
29 Article.

30 (215 ILCS 5/500-150 new)

31 Sec. 500-150. Severability. The provisions of this
32 Article are severable under Section 1.31 of the Statute on

1 Statutes.

- 2 (215 ILCS 5/490.1 rep.)
- 3 (215 ILCS 5/491.1 rep.)
- 4 (215 ILCS 5/492.2 rep.)
- 5 (215 ILCS 5/493.2 rep.)
- 6 (215 ILCS 5/494.1 rep.)
- 7 (215 ILCS 5/494.2 rep.)
- 8 (215 ILCS 5/495.1 rep.)
- 9 (215 ILCS 5/495.2 rep.)
- 10 (215 ILCS 5/496.2 rep.)
- 11 (215 ILCS 5/497.1 rep.)
- 12 (215 ILCS 5/498.1 rep.)
- 13 (215 ILCS 5/499.1 rep.)
- 14 (215 ILCS 5/500.1 rep.)
- 15 (215 ILCS 5/501.2 rep.)
- 16 (215 ILCS 5/502.2 rep.)
- 17 (215 ILCS 5/503.1 rep.)
- 18 (215 ILCS 5/504 rep.)
- 19 (215 ILCS 5/504.1 rep.)
- 20 (215 ILCS 5/505.1 rep.)
- 21 (215 ILCS 5/505.2 rep.)
- 22 (215 ILCS 5/506.1 rep.)
- 23 (215 ILCS 5/507.1 rep.)
- 24 (215 ILCS 5/508.1 rep.)
- 25 (215 ILCS 5/508.2 rep.)
- 26 (215 ILCS 5/509.1 rep.)
- 27 (215 ILCS 5/510.2 rep.)
- 28 (215 ILCS 5/511.1 rep.)

29 Section 10. The Illinois Insurance Code is amended by
30 repealing Sections 490.1, 491.1, 492.2, 493.2, 494.1, 494.2,
31 495.1, 495.2, 496.2, 497.1, 498.1, 499.1, 500.1, 501.2,
32 502.2, 503.1, 504, 504.1, 505.1, 505.2, 506.1, 507.1, 508.1,
33 508.2, 509.1, 510.2, and 511.1.

1 Section 99. Effective date. This Act takes effect
2 January 1, 2002.

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- 23 215 ILCS 5/509.1 rep.
- 24 215 ILCS 5/510.2 rep.
- 25 215 ILCS 5/511.1 rep.